

APPROVED
NORTHWEST PROGRESSO – FLAGLER HEIGHTS
REDEVELOPMENT ADVISORY BOARD
FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
8th FLOOR CONFERENCE ROOM
JUNE 14, 2016 – 10:30 A.M.

Cumulative Attendance
May 2016 - April 2017

<u>Members Present</u>	<u>Attendance</u>	<u>Present</u>	<u>Absent</u>
Steve Lucas, Chair	P	2	0
Ella Phillips, Vice Chair	A	0	2
Jessie Adderley (arr.10:43)	P	2	0
Leann Barber (arr.10:48)	P	2	0
Sonya Burrows	P	2	0
Ron Centamore	P	2	0
Alan Gabriel	P	2	0
Mickey Hinton (arr. 10:38)	P	2	0
John Hooper	A	1	1
Dylan Lagi	P	2	0
Steffen Lue	P	2	0
Dev Motwani	P	2	0
Jacqueline Reed (arr. 10:45)	P	2	0
Scott Strawbridge	P	2	0
John Wilkes	P	2	0

Currently there are 15 appointed members to the Board, which means 8 would constitute a quorum.

It was noted that a quorum was present at the meeting.

Staff

Jonathan Brown, Northwest CRA Manager
Sandra Doughlin, NPF CRA
Bob Wojcik, Planner III, NPF CRA
Vanessa Martin, Financial Analyst
Lisa Edmondson, Recording Secretary, Prototype, Inc.

Communications to City Commission

Motion made by Ms. Burrows, seconded by Mr. Centamore, to send a communication to the Commission asking that the CRA Board be given adequate time and backup information to make informed, intelligent decisions. In a voice vote, the motion passed unanimously.

I. Call to Order / Roll Call

Chair Lucas called the meeting to order at 10:37 a.m. Roll was called and it was noted a quorum was present.

II. Discussion – Purchase of 6th Street Plaza

- **Allied Appraisal Services --\$1,850,000**
- **Meacham and Associates Inc. -- \$1,700,000**

Chair Lucas explained that today's meeting was called because the prospective purchase of this property is on the City Commission's Agenda for June 21, 2016. The property currently houses the CRA offices.

Mr. Brown advised that to date, the CRA has invested \$1.795 million in the subject property, including both lease payments and capital improvements. The CRA Executive Director and the City Commissioner for the CRA district have requested that the Advisory Board provide a recommendation to the CRA Board regarding this property.

Mr. Hinton arrived at 10:38 a.m.

Mr. Brown continued that either the CRA itself or a responsible developer should purchase the property, as this site is important to the overall redevelopment of Sistrunk Boulevard and the Northwest CRA. The building was lost to its previous owner in foreclosure and is currently owned by Regent Bank, which may be purchased by Stonegate Bank. A number of investors have expressed interest in purchasing the property. Mr. Brown pointed out that while developers may have strong feelings about the community, investors are less likely to share these concerns.

Once the CRA sunsets, all assets owned by the CRA will become City assets. There have been two appraisals thus far, as listed on the Agenda. The bank will entertain offers beginning at \$1.8 million. Regent Bank has expressed a desire to move the property before the bank itself is purchased.

Building 1 of the subject property is partially occupied and includes over 12,000 sq. ft. Building 2, which includes the CRA offices, is roughly 8000 sq. ft. The CRA occupies its top floor and a portion of the bottom floor. Approximately 2000 sq. ft. of the building are unoccupied. The City's Department of Housing and Community Development will ultimately move into the property as a paying tenant once its buildout is complete. Building 3 is partially occupied.

Ms. Adderley arrived at 10:43 a.m.

Mr. Brown stated that another item on the June 21, 2016 City Commission Agenda will renew or extend the CRA's lease for the site throughout the life of the agency. The current lease is set to expire at the end of June 2016. The terms of lease renewal have not yet been finalized.

Appraisers have expressed various concerns regarding the site, which they appraised as a whole rather than on a property-by-property basis. If the CRA acquires the site, local businesses that wish to relocate, expand, or grow within the district will have the opportunity to lease space within the building. Another option is allowing City offices to lease space within the building.

Ms. Reed arrived at 10:45 a.m.

The property consists of 1.201 acres, commercially zoned, with a total square footage of approximately 52,000 sq. ft. Mr. Wojcik advised that the CRA's investment in the property began as forgivable loans but ultimately became deferred loans. These investments have been wiped out by the property's foreclosure. As of 2009, there have been \$916,334.50 in grants and deferred loans, as well as \$695,000 in leases and an additional \$250,000.

Ms. Barber arrived at 10:48 a.m.

The lease to be discussed by the City Commission is for Building 2 only. Leases on the two remaining buildings are between the tenants and Regent Bank; the City has no involvement in them. The \$1.8 million purchase cost is for all three buildings on the site. Mr. Brown advised that over the nine years remaining on the lease, the City can expect to spend nearly \$1 million for lease of a single building.

Mr. Wilkes stated that there was insufficient information on hand for the Board to make a financial analysis. He did not feel the return on investment based on the subject property's square footage was significant, and asserted that the assessments provided reflected neither the property's worth nor what the City could do with it.

It was clarified that the lease under negotiation did not include right of first refusal, as the bank has received other potential offers for the building.

Mr. Centamore agreed with Mr. Wilkes, pointing out that purchasing the property would remove it from the tax rolls and result in loss of tax increment financing (TIF) revenue for the CRA. He also lacked confidence in the City's ability to manage the property. He felt the money proposed for the purchase of the property could be used toward bringing in a developer who would introduce new projects into the community.

Ms. Barber asked if the City had a vision for leasing the vacant property. Mr. Brown replied that he could not speculate on this without first discussing the issue with the

CRA Board; however, there have been conversations with regard to leasing the property to other businesses as well as City offices. Mr. Gabriel commented that the best interest of the surrounding community should be taken into consideration. He did not feel that placing additional City government at the site would be of benefit in comparison to retail or other uses that could be brought forward by a private developer.

Ms. Reed asked where the CRA offices would be relocated if the property is purchased by another developer. Mr. Brown stated that the City hopes to renew or extend the lease throughout the life of the CRA, which is acceptable to the bank. If the City purchases the property, they will have control of the site; however, if an investor makes the purchase, the City will have no control over what is done with the buildings.

Ms. Burrows asked if an investor purchasing the property would be bound to the terms of any lease the City negotiates with the bank. Mr. Brown reiterated that the City hopes to arrive at a lease for the remaining life of the CRA. Any buyer of the property would be subject to the restrictions of zoning, which limits height to three stories.

Mr. Wilkes stated that it would be impractical for a developer to demolish the existing building(s) from a value standpoint. He continued that it was unlikely any purchaser of the building would want the CRA offices to relocate. He emphasized the need to attract private development to the Sistrunk corridor, and questioned whether or not the purchase was within the CRA's legal abilities.

Mr. Motwani observed that the City should not be in the business of managing property unless it was a critical component of managing slum and blight. He felt if the property is sold to an investor, the City may still have influence over how it is developed through incentives. He suggested that the \$1.8 million purchase price could be better spent improving the community without using Staff time and resources to manage the property.

Mr. Brown noted that the City has managed multiple properties for nearly 100 years, some of which have been successful and some of which were less successful. He did not feel the management of properties was a concern for the City.

Mr. Strawbridge advised that because the CRA is separate from the City, the City's expertise in managing properties could not be considered part of the deal. He suggested that the CRA work with the bank to attract private development to the site, asserting that management of the property would be a distraction from the business of the CRA. He concluded that there was no demonstrated need to purchase the property for office space.

Mr. Brown characterized the proposed purchase as a redevelopment question. Mr. Strawbridge disagreed, asking if the CRA has a business plan for the ownership and operation of the building.

Ms. Barber asked if there were liens on the building. It was clarified that because the building is in foreclosure and is bank-owned, all liens have been extinguished, as have the City's payments toward improvements of the building. Ms. Reed asked if the City would allow other developers to buy the building from them after a purchase. Mr. Brown replied that because this Item has not yet gone before the CRA Board, the ultimate plan for the property is not yet clear.

Mr. Strawbridge also expressed concern with the possibility of the City establishing rents for the property, which he felt could be detrimental in the long run. Mr. Brown stated that an analysis of these possible effects is currently underway.

Motion made by Mr. Wilkes, seconded by Mr. Centamore, to not move forward with the concept of purchasing the property.

Mr. Motwani suggested that the lease negotiations consider the possibility of a shorter-term lease with additional options for the CRA. He felt the CRA would have a strong position in these negotiations. The members discussed the possibility of alternative locations for the CRA offices if negotiations are not successful.

Ms. Burrows stated that she was concerned that the Board was not presented with this Item at an earlier time and now had to make a quick decision, with only limited information, at an emergency meeting. She felt the Board's input was not being sought appropriately for CRA projects.

In a roll call vote, the **motion** passed 11-2 (Mr. Hinton and Ms. Reed dissenting).

Motion made by Ms. Burrows, seconded by Mr. Centamore, to send a communication to the [CRA] Board that the Advisory Board be given adequate time and adequate backup information to make informed, intelligent decisions, as with [the above] vote.

Mr. Brown requested clarification of what would be considered adequate information. It was suggested that this would be justification of plans such as the proposed purchase of the property. Mr. Motwani agreed, stating that he would have liked to see financial information on today's Item, as well as a business plan, and at an earlier time. Mr. Brown pointed out that the CRA could not consider purchasing the property until it had gone through the foreclosure process, as its price would have been too high.

In a voice vote, the **motion** passed unanimously.

III. Adjournment

There being no further business to come before the Board at this time, the meeting was adjourned at 11:35 a.m.

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.

[Minutes prepared by K. McGuire, Prototype, Inc.]